

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 16

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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Ex parte ROBERT BASEMAN,  
THOMAS R. ERVOLINA,  
WILLIAM GREY,  
and  
KAAN KATIRCIOGLU

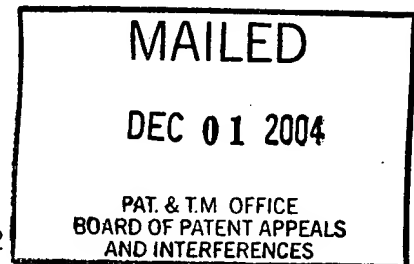
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Appeal No. 2004-1022  
Application No. 09/731,772

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HEARD: NOVEMBER 16, 2004

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Before JERRY SMITH, BARRETT, and RUGGIERO, Administrative Patent Judges.

RUGGIERO, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on the appeal from the final rejection of claims 1-12, which are all of the claims pending in the present application.

The disclosed invention relates to inventory management in which an inventory problem is converted to a financial portfolio problem by expressing, for example, the inventory problem as a

combination of long and short positions and put and call options on an asset. A set of possible inventory estimates is generated, the value of possible inventory estimates is determined, and an inventory investment with the best value is selected.

Claim 1 is illustrative of the invention and reads as follows:<sup>1</sup>

1. A method for managing inventory using a computer or computer system comprising the steps of:

converting an inventory problem to a financial portfolio problem;

generating a set of possible inventory estimates;

computing a value of possible inventory investments with said computer or computer system; and

selecting an inventory investment with a best value.

As the basis for the stated prior art rejections, the Examiner relies solely on Appellants' admissions as to the prior art appearing at page 3 of Appellants' specification.

Claims 10-12 stand finally rejected under 35 U.S.C. § 102 as

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<sup>1</sup> Claim 1, as it appears in the Appendix to Appellants' Brief, recites in line 4 "generating a set of possible inventory estimates." This is a correct copy of claim 1 as it appears in the amendment filed January 8, 2003 (Paper No. 5). The original claim language, however, recited "generating a set of possible inventory investments." In presenting the rewritten claim 1 in the January 8, 2003 amendment, the word "estimates" was not underlined indicating no intent to change the original terminology "investments" to estimates." We leave this matter to Appellants and the Examiner for clarification.

being anticipated by the admitted prior art. Claims 1-9 stand finally rejected under 35 U.S.C. § 103 as being unpatentable over the admitted prior art.

Rather than reiterate the arguments of Appellants and the Examiner, reference is made to the Briefs<sup>2</sup> and Answer for the respective details.

#### OPINION

We have carefully considered the subject matter on appeal, the rejections advanced by the Examiner, and the evidence of anticipation and obviousness relied upon by the Examiner as support for the rejections. We have, likewise, reviewed and taken into consideration, in reaching our decision, Appellants' arguments set forth in the Briefs along with the Examiner's rationale in support of the rejections and arguments in rebuttal set forth in the Examiner's Answer.

It is our view, after consideration of the record before us, that the admitted prior art does not fully meet the invention as set forth in claims 10-12. With respect to the Examiner's obviousness rejection, we are also of the view that the evidence

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<sup>2</sup> The Appeal Brief was filed August 25, 2003 (Paper No. 8). In response to the Examiner's Answer mailed November 19, 2003 (Paper No. 9), a Reply Brief was filed January 15, 2004 (Paper No. 10), which was acknowledged and entered by the Examiner as indicated in the communication dated February 2, 2004 (Paper No 12).

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relied upon and the level of skill in the particular art would not have suggested to one of ordinary skill in the art the obviousness of the invention as recited in claims 1-9.

Accordingly, we reverse.

We consider first the rejection of claims 10-12 under 35 U.S.C. § 102 as being anticipated by the admitted prior art. Anticipation is established only when a single prior art reference discloses, expressly or under the principles of inherency, each and every element of a claimed invention as well as disclosing structure which is capable of performing the recited functional limitations. RCA Corp. v. Applied Digital Data Sys., Inc., 730 F.2d 1440, 1444, 221 USPQ 385, 388 (Fed. Cir.), cert. dismissed, 468 U.S. 1228 (1984); W.L. Gore & Assocs. v. Garlock, Inc., 721 F.2d 1540, 1554, 220 USPQ 303, 313 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

With respect to independent claim 10, the Examiner attempts to read the various limitations on Appellants' admissions as to the prior art appearing at page 3 of the specification. In particular, the Examiner directs attention to Appellants' statements at lines 8-11 of page 3 of the specification which

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indicate that the claimed invention utilizes existing financial asset portfolio management tools to manage inventory by calculating optimal inventory quantities.

Appellants' arguments in response assert that the Examiner has failed to show how the admitted prior art in Appellants' specification discloses every limitation in independent claim 10 as is required to support a rejection based on anticipation. After reviewing the statements of admitted prior art in light of the arguments of record, we are in general agreement with Appellants' position as expressed in the Briefs.

The Examiner, in making the anticipation rejection, has read out a large portion of appealed claim 10 by contending that the recited nature of the problem being addressed and evaluated, i.e., evaluating inventory quantities to determine optimum values, is a mere "intended use" of the claimed invention. We can find, however, no basis on the record before us for the Examiner interpreting the claim language in this manner. In our view, the Examiner's interpretation could only be reached by pointedly ignoring the precise language of the claims on appeal. Our reviewing courts have held that, in assessing patentability of a claimed invention, all the claim limitations must be suggested or taught by the prior art. In re Royka, 490 F.2d 981,

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983-84, 180 USPQ 580, 582 (CCPA 1974). All words in a claim must be considered in judging the patentability of that claim against the prior art. In re Wilson, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).

The Examiner further has chosen to ignore a clear recitation of claim language by asserting that, although claim 10 sets forth the conversion of an inventory problem to a financial portfolio problem, no actual "conversion" is taking place. Again, we find no basis for the Examiner's conclusion. It is apparent from Appellants' specification that, although existing financial portfolio evaluation tools are admittedly used, in order to use such tools to solve a inventory problem, data representative of inventory quantities and relationships must be transformed or "converted" to financial portfolio relationships. Such a conversion is clearly described at pages 4-8 of the specification.

In view of the above discussion, since all of the claim limitations are not present in the disclosure of the admitted prior art, we do not sustain the Examiner's 35 U.S.C. § 102 rejection of independent claims 10, nor of claims 11 and 12 dependent thereon.

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Turning to a consideration of the Examiner's 35 U.S.C. § 103(a) rejection of claims 1-9 based on the admitted prior art, we do not sustain this rejection as well. In making this rejection, the Examiner reiterates (Answer, page 5) the contention that no actual "conversion" between inventory problems and financial portfolio problems is taking place claimed. For all the reasons discussed supra, however, we find such a contention to be without merit.

We also agree with Appellants (Brief, page 22; Reply Brief, page 5) that, although the Examiner suggests that the claimed invention is merely directed to the substitution of art-recognized equivalents, i.e., inventory problem for financial problem, the basis for such a supposed equivalence appears only in Appellants' own disclosure. In order to rely on equivalence as a rationale for supporting an obviousness rejection, the equivalency must be recognized in the prior art, and cannot be based on applicants' disclosure or the mere fact that the components at issue are functional or mechanical equivalents. In re Ruff, 256 F.2d 590, 599, 118 USPQ 340, 348 (CCPA~1958).

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In summary, we have not sustained either of the Examiner's rejections of the claims on appeal. Therefore, the decision of the Examiner rejecting claims 1-12 is reversed.

REVERSED

*Jerry Smith*  
JERRY SMITH

JERRY SMITH  
Administrative Patent Judge

Lee E. Barrett  
LEE E. BARRETT

LEE E. BARRETT  
Administrative Patent Judge

Joseph Ruzziero

JOSEPH F. RUGGIERO  
Administrative Patent Judge

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